

# State of South Dakota

EIGHTY-FOURTH SESSION  
LEGISLATIVE ASSEMBLY, 2009

956Q0127

## SENATE EDUCATION ENGROSSED NO. **SB 106** - 2/12/2009

Introduced by: Senators Knudson, Abdallah, Adelstein, Bartling, Dempster, Garnos, Gillespie, Gray, Hansen (Tom), Hanson (Gary), Heidepriem, Jerstad, Maher, Merchant, Miles, Olson (Russell), Peterson, Tieszen, and Vehle and Representatives Cutler, Curd, Dreyer, Frerichs, Hunhoff (Bernie), Lucas, Peters, Rave, Schlekeway, Street, Thompson, and Turbiville

1 FOR AN ACT ENTITLED, An Act to revise the index factor in the state aid to general  
2 education formula, to set a maximum per student allocation for school districts with an  
3 excess general fund balance, and to require the Legislature to estimate general fund revenues  
4 for the current fiscal year and the next fiscal year.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

6 Section 1. That § 13-13-10.1 be amended to read as follows:

7 13-13-10.1. Terms used in this chapter mean:

8 (1) "Average daily membership," the average number of resident and nonresident  
9 kindergarten through twelfth grade pupils enrolled in all schools operated by the  
10 school district during the previous regular school year, minus average number of  
11 pupils for whom the district receives tuition, except pupils described in subdivision  
12 (1A) and pupils for whom tuition is being paid pursuant to § 13-28-42.1 and plus the  
13 average number of pupils for whom the district pays tuition;



(1A) Nonresident students who are in the care and custody of the Department of Social Services, the Unified Judicial System, the Department of Corrections, or other state agencies and are attending a public school may be included in the average daily membership of the receiving district when enrolled in the receiving district. When counting a student who meets these criteria in its general enrollment average daily membership, the receiving district may begin the enrollment on the first day of attendance. The district of residence prior to the custodial transfer may not include students who meet these criteria in its general enrollment average daily membership after the student ceases to attend school in the resident district;

(2) "Adjusted average daily membership," calculated as follows:

(a) For districts with an average daily membership of two hundred or less, multiply 1.2 times the average daily membership;

(b) For districts with an average daily membership of less than six hundred, but greater than two hundred, raise the average daily membership to the 0.8293 power and multiply the result times 2.98;

(c) For districts with an average daily membership of six hundred or more, multiply 1.0 times their average daily membership;

(2A) "Fall enrollment," the number of kindergarten through twelfth grade students enrolled in all schools operated by the school district on the last Friday of September of the previous school year minus the number of students for whom the district receives tuition, except nonresident students who are in the care and custody of a state agency and are attending a public school and students for whom tuition is being paid pursuant to § 13-28-42.1, plus the number of students for whom the district pays tuition. When computing state aid to education for a school district under the

1 foundation program pursuant to § 13-13-73, the secretary of the Department of  
2 Education shall use either the school district's fall enrollment or the average of the  
3 school district's fall enrollment and the school district's fall enrollment from the prior  
4 year, whichever is higher. However, if a school district qualifies to benefit from both  
5 the averaging permitted in this subdivision and the one-time payment provided in  
6 § 13-13-80 in the same fiscal year, the school district may not benefit from both, but  
7 only from the one that provides the most additional funding to the district;

8 (2B) "Current fall enrollment," the number of kindergarten through twelfth grade students  
9 enrolled in all schools operated by the school district on the last Friday of September  
10 of the current school year minus the number of students for whom the district  
11 receives tuition except nonresident students who are in the care and custody of a state  
12 agency and are attending a public school and students for whom tuition is being paid  
13 pursuant to § 13-28-42.1, plus the number of students for whom the district pays  
14 tuition;

15 (2C) "Small school adjustment," calculated as follows:

16 (a) For districts with a fall enrollment of two hundred or less, multiply 0.2 times  
17 \$4,237.72;

18 (b) For districts with a fall enrollment of greater than two hundred, but less than  
19 six hundred, multiply the fall enrollment times negative 0.0005; add 0.3 to that  
20 result; and multiply the sum obtained times \$4,237.72;

21 (2D) "State general fund revenue," all revenue deposited into the state's general fund;

22 (2E) "Projected state general fund increase," the estimated percentage change in state  
23 general fund revenue, as adopted by the standing committees on appropriations  
24 pursuant to section 4 of this Act, for the year of adjustment;

(3) "Index factor," is the annual percentage change in the consumer price index for urban wage earners and clerical workers as computed by the Bureau of Labor Statistics of the United States Department of Labor for the year before the year immediately preceding the year of adjustment or ~~three percent, whichever is less~~ four percent, whichever is greater. However, the index factor may not exceed the projected state general fund increase or seven percent, whichever is less, and in no year may the index factor be less than zero;

(3A) "General fund adjustment," beginning with school fiscal year 2012, the difference between the percentage that would have been used as the index factor for the year before the year immediately preceding the year of adjustment if the projected state general fund increase had equaled the actual percentage change in state general fund revenue for that year and the index factor that was actually used in that year to calculate the per student allocation;

(4) "Per student allocation," for school fiscal year 2009 is \$4,664.66. Each school fiscal year thereafter, the per student allocation is the previous fiscal year's per student allocation increased by the index factor plus the general fund adjustment;

(5) "Local need," is the sum of:

(a) The per student allocation multiplied by the fall enrollment; and

(b) The small school adjustment, if applicable, multiplied by the fall enrollment;  
and

(c) The payment distributed pursuant to § 13-13-80, if applicable;

(6) "Local effort," the amount of ad valorem taxes generated in a school fiscal year by applying the levies established pursuant to § 10-12-42;

(7) "General fund balance," the unreserved fund balance of the general fund, less general

1 fund exclusions plus, beginning with transfers made in fiscal year 2001, any transfers  
2 out of the general fund for the previous school fiscal year;

3 (8) "General fund balance percentage," is a school district's general fund balance divided  
4 by the school district's total general fund expenditures for the previous school fiscal  
5 year, the quotient expressed as a percent;

6 (9) "General fund base percentage," is the lesser of:

7 (a) The general fund balance percentage as of June 30, 2000; or

8 (b) The maximum allowable percentage for that particular fiscal year as stated in  
9 this subsection.

10 For fiscal year 2008, the maximum allowable percentage is one hundred percent; for  
11 fiscal year 2009, eighty percent; for fiscal year 2010, sixty percent; for fiscal year  
12 2011, forty percent; for fiscal year 2012 and subsequent fiscal years, twenty-five  
13 percent. However, the general fund base percentage can never be less than twenty-  
14 five percent;

15 (10) "Allowable general fund balance," the general fund base percentage multiplied by the  
16 district's general fund expenditures in the previous school fiscal year;

17 (11) "General fund exclusions," revenue a school district has received from the imposition  
18 of the excess tax levy pursuant to § 10-12-43; revenue a school district has received  
19 from gifts, contributions, grants, or donations; revenue a school district has received  
20 under the provisions of §§ 13-6-92 to 13-6-96, revenue a school district has received  
21 as compensation for being a sparse school district under the terms of §§ 13-13-78 and  
22 13-13-79, inclusive; and any revenue in the general fund set aside for a noninsurable  
23 judgment.

24 Section 2. If a school district's state aid for general education is reduced pursuant to § 13-13-

1 73.2, that school district's maximum per student allocation is \$4,804.60 for school fiscal year  
2 2010, and \$4,948.74 for school fiscal year 2011.

3 Section 3. Section 2 of this Act is repealed on June 30, 2011.

4 Section 4. That chapter 4-7 be amended by adding thereto a NEW SECTION to read as  
5 follows:

6 The Senate and House of Representatives standing committees on appropriations shall  
7 jointly adopt a statement of estimated revenue for the current fiscal year and for the next fiscal  
8 year. The statement of estimated revenue shall be classified by individual revenue source.